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TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: John Naimo 
Auditor-Controller

SUBJECT: **LEGAL AID FOUNDATION OF LOS ANGELES – A DEPARTMENT OF
PUBLIC SOCIAL SERVICES COMMUNITY SERVICE BLOCK GRANT
PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a contract compliance review of Legal Aid Foundation of Los Angeles (LAFLA or Agency), which covered a sample of transactions from July 2012 through April 2014. The Department of Public Social Services (DPSS) has two contracts with LAFLA, a non-profit organization, to provide Community Service Block Grant (CSBG) Program services to eligible low-income individuals and families.

The CSBG Legal Services Program assists participants with immigration, child support, visitation or restraining orders, and other legal services. The CSBG Senior Citizens and Disabled Adult Program services include providing legal assistance with the preparation of wills, power of attorney, and healthcare advance directives, to eligible seniors ages 55 and older, and disabled adults ages 18 to 54.

The purpose of our review was to determine whether LAFLA appropriately accounted for and spent CSBG Program funds to provide the services outlined in their two County contracts. We also evaluated the adequacy of the Agency's accounting records, and internal controls, and compliance with their contracts and other applicable guidelines.

DPSS paid LAFLA approximately \$121,000 on a fee-for-service basis from July 2012 through April 2014. The contracts require the Agency to return or reinvest any unspent revenue. LAFLA provides services to residents of the First and Second Supervisorial Districts.

Results of Review

LAFLA provided services to eligible participants, recorded and deposited DPSS payments timely, and Agency staff had the required qualifications. In addition, the Agency prepared its Cost Allocation Plan (Plan) in compliance with their County contracts, and used the Plan to allocate shared expenditures appropriately.

Details of our review are attached.

Review of Report

We discussed our report with LAFLA and DPSS in October 2014. LAFLA is not required to submit a response to this draft report, because there are no findings or recommendations.

We thank LAFLA management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:AA:pn

Attachment

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Director, Department of Public Social Services
Paul B. Salvaty, Board President, LAFLA
Silvia Argueta, Executive Director, LAFLA
Public Information Office
Audit Committee

**LEGAL AID FOUNDATION OF LOS ANGELES
COMMUNITY SERVICE BLOCK GRANT PROGRAM
CONTRACT COMPLIANCE REVIEW
JULY 2012 THROUGH APRIL 2014**

ELIGIBILITY

Objective

Determine whether Legal Aid Foundation of Los Angeles (LAFLA or Agency) provided services to individuals who met the Community Service Block Grant (CSBG) Program eligibility requirements.

Verification

We reviewed the case files for ten (5%) of the 183 participants who received services during May 2013 through April 2014 for documentation to confirm their eligibility for CSBG Program services.

Results

LAFLA had documentation to support all ten participants' eligibility for CSBG Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether LAFLA provided the services required by their County contracts and CSBG Program guidelines, and whether the Program participants received the billed services.

Verification

We reviewed the case files for ten (5%) of the 183 participants who received services during May 2013 through April 2014.

Results

The case files for the ten participants reviewed had documentation to support that LAFLA provided services in accordance with their County contracts.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether LAFLA's staff had the qualifications required by their County contracts.

Verification

We reviewed the personnel files for the four LAFLA employees who worked on the CSBG Program.

Results

LAFLA's four staff reviewed had the qualifications required by their County contracts.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether LAFLA properly recorded revenue in their financial records, deposited cash receipts into their bank account timely, and bank account reconciliations were reviewed and approved by Agency management.

Verification

We interviewed LAFLA's management, and reviewed their financial records and April 2014 bank reconciliations.

Results

LAFLA properly recorded revenue in their financial records, deposited Department of Public Social Services (DPSS) payments into their bank account timely, and Agency management reviewed and approved monthly bank reconciliations.

Recommendation

None.

EXPENDITURES/COST ALLOCATION PLAN**Objective**

Determine whether expenditures charged to the CSBG Program were allowable under their County contracts, properly documented, and accurately billed. In addition, determine whether the Agency prepared their Cost Allocation Plan (Plan) in compliance with their County contracts, and used the Plan to allocate shared expenditures appropriately.

Verification

We interviewed LAFLA's personnel, and reviewed their Plan and financial records for six non-payroll expenditures, totaling \$1,126, that the Agency charged to the CSBG Program from November 2013 through March 2014.

Results

LAFLA prepared their Plan in compliance with their County contracts, and the Agency allocated their shared expenditures appropriately. In addition, LAFLA's expenditures were allowable, properly documented, and accurately billed.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether LAFLA charged payroll costs to the CSBG Program appropriately and maintained personnel files as required.

Verification

We traced the payroll costs for four employees, totaling \$8,642 for March 2014, to the Agency's payroll records and time reports. We also interviewed staff and reviewed personnel files for the four LAFLA CSBG Program staff.

Results

LAFLA appropriately charged payroll costs to the CSBG Program, and maintained personnel files as required.

Recommendation

None.

CLOSE-OUT REVIEW

Objective

Determine whether LAFLA had any unspent revenue for the CSBG Program for Fiscal Year (FY) 2012-13.

Verification

We traced the total revenues and expenditures from LAFLA's FY 2012-13 close-out reports to the Agency's accounting records, and to DPSS' payment records.

Results

LAFLA did not have any unspent revenue for FY 2012-13.

Recommendation

None.